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INFORMATION REPORT

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COUNTRY Germany (Russian Zone)

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SUBJECT Semeonov Flirts with LDP
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SUPPLEMENT TO
REPORT NO.

1. On 1 July 1949 there was a conference between SMA officials and LDP leaders at the request of Ambassador Semeonov in his quarters. The SMA was represented by Semeonov, K. I. Koval, and two other officials. Kastner, Hamann, Schiffer, and two or three other LDP officials were present.
2. The LDP was asked how much influence it has with the FDP in western Germany and especially with western economic leaders. The Russians revealed that they are interested in establishing contact with all important elements in western Germany interested in East-West trade. They suggested that Kastner is probably discredited by his position in the Volksrat and said they were looking for less well known industrialists and commercial men.
3. The LDP complained that the special favors enjoyed by the SED have undermined the position of the LDP. Kastner demanded that the SED refrain from pushing into the foreground in all trade discussions. Semeonov replied that the SED has to continue its efforts but that he anticipates their failure.
4. Semeonov then stated that the new Russian policy is to seek realistic results in Germany. For this it needs the help of economic experts rather than political parties. The SMA hopes to form a Pan-German Economic Committee as the basis for later general union of the two Germanies. Semeonov pointed out that he bears the title of "Ambassador" rather than "Governor", that this means that the attempt to transplant the Russian system to Germany has been abandoned in favor of economic development of all of Germany. According to Semeonov the SED is now in a critical stage because its political philosophy is at odds with the SMA course. Semeonov appealed to the LDP to abandon petty political ambitions and support the SMA in its new policy. By virtue of its good connections in the West, the LDP is the one group capable of rendering the SMA substantial assistance. The important

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purpose is to convince industrialists, manufacturers, and farmers in the West that the SMA is seriously interested in improving the German economy and that his (Semeonov's) statements are not mere communist tactics.

5. The LDP accepted this exegesis and agreed to ask Dr. Blücher, deputy chairman of the FDP, to arrange for a secret conference to discuss these proposals. In addition the LDP is systematically canvassing members for addresses of friends in western Germany who may be interested.

25X1X ~~CONFIDENTIAL~~ Comment: The LDP leaders have apparently accepted Semeonov's statements at face value and intend to follow his suggestions.

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~~CONFIDENTIAL~~ Comment: This entire report forms a close parallel to talks between Georgiev and CDU leaders in 1947.

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